

INCENTIVE ZONING

AFFORDABLE HOUSING

September, 2011

COBE Briefing



History

- December 2008 - Resolution 31104
 - Consider Incentive Zoning when increasing height or density through rezones.
 - Existing zoning should be the “base” above which additional development capacity must be achieved by providing affordable housing.
- December 2008 - Ordinance 122882 created new Land Use Code “Incentive Zoning” Chapter 23.58A.
- In addition to Downtown (including South Downtown), Seattle currently has IZ in Multifamily Midrise and Highrise zones in limited parts of South Lake Union and the Dravus neighborhood.

What this ordinance does

- Expands the existing IZ framework when an upzone is adopted
- Accommodates a broad range of possible rezones
- Identifies base Floor Area Ratios (FAR)
- Ensures a portion of new housing in upzoned areas is affordable for moderate-income households
- Streamlines the process for implementing City's IZ for affordable housing
- Clarifies an existing “one-to-one” replacement housing provision in SMC 23.58A

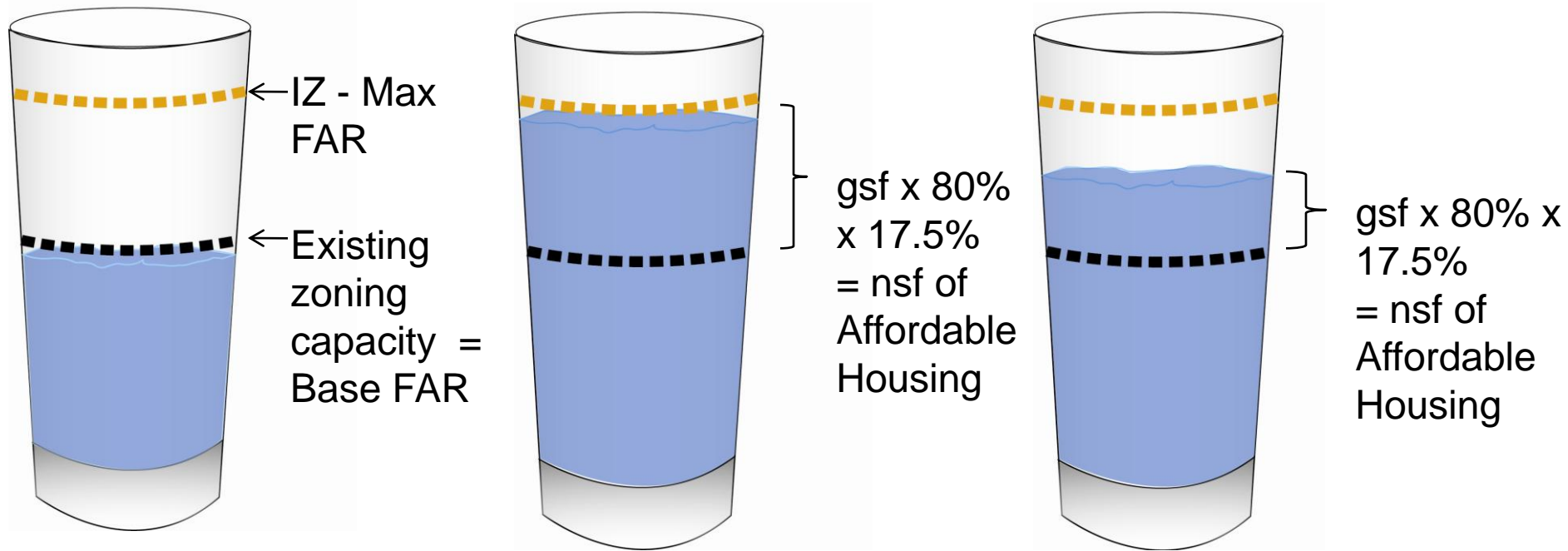
Affordable housing



- Affordable units included in market-rate developments (rental or homeownership)
- Affordable to households with incomes \leq 80% of Area Median Income (AMI)
 - 1 person \$48,640 – Studio \$1,216/mo
 - 2 persons \$55,600 – 1 Bedroom \$1,390/mo
 - 3 persons \$65,560 – 2 Bedroom \$1,564/mo
- Guarantees long-term affordability (50 years)

Incentive Zoning Framework

How it works



- Amount of affordable housing provided is equivalent to 17.5% of the net square feet of floor area built beyond the base FAR.

Where it could be used

- Any area being upzoned.
- Res. 31104 targets urban villages & centers.
- Applies only to zones with height limits $\leq 85'$.

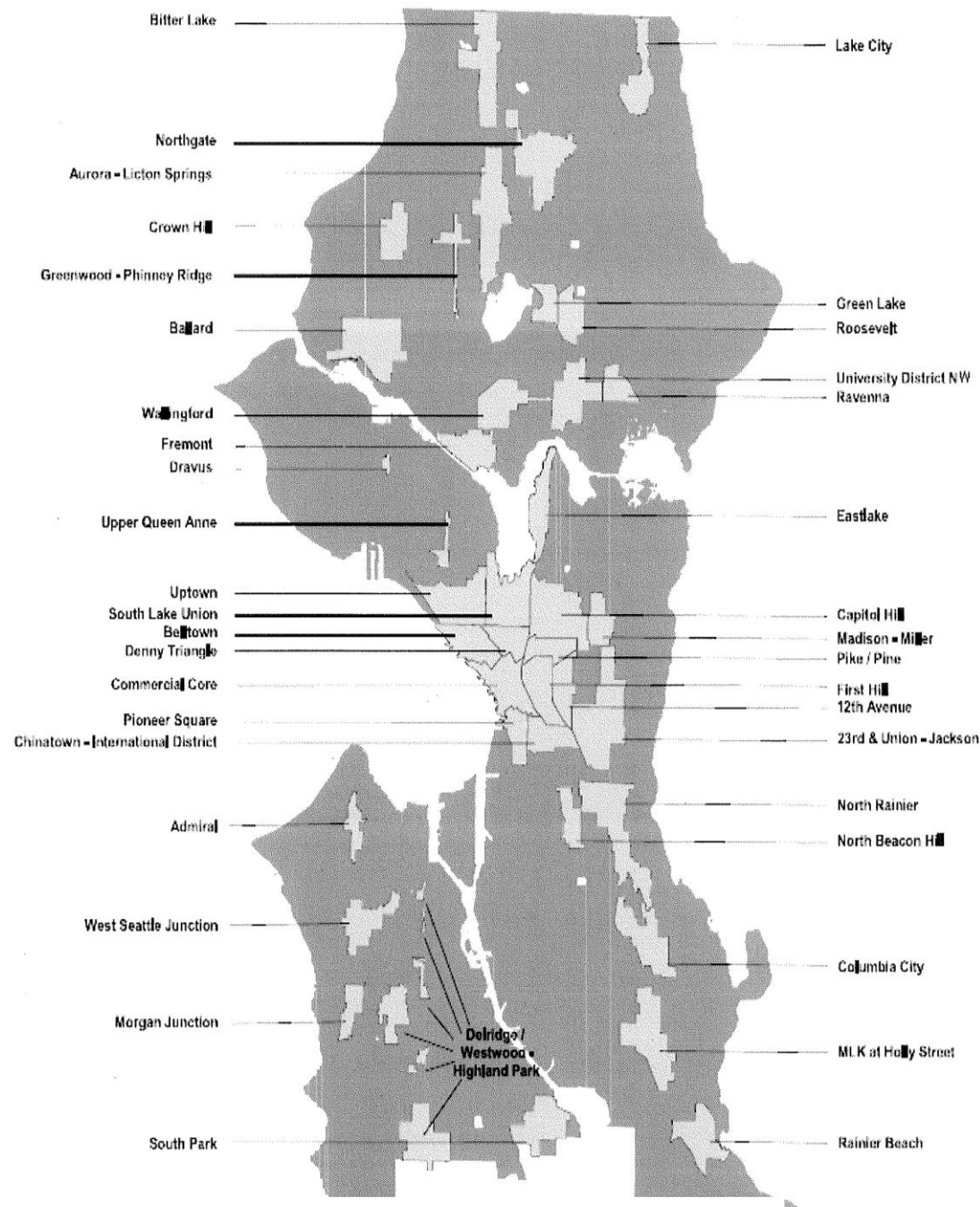


Exhibit A to Resolution 31104

A rezone example

- An incentive zoning suffix is added in parentheses to the official zoning map for the rezoned area.

The new (rezoned) zoning designation. Development is subject to all the developments standards of this new zone, including height, FAR etc. In the example the new zone is Neighborhood Commercial 3 with a 65' height limit, in the Station Area Overlay district and the corresponding FAR limit for all uses in this zone is 5.75.

NC3-65 (1.3)

Reflects the old zone's maximum FAR for the purpose of establishing the base. Any floor area the developer builds beyond this base FAR limit of 1.3 would be subject to Incentive Zoning. The 1.3 FAR base corresponds to a prior Lowrise 2 zone in this example.

Rezone to...

LR2

Prior zone

A building example

NC3-65 (1.3)

- A 10,000 sf lot
- Base floor area limit @ 1.3 FAR: 10,300 gsf
- IZ floor area limit @ 5.75 FAR: 50,750 gsf
- Additional floor area: 40,450 gsf
- Affordable housing @
80% * 17.5% * 40,450 gsf: 5,663 gsf
- About 8 or 9 affordable housing units out of 72 total units.

Economic feasibility

- Difficult to assess due to changing market conditions.
- Substantial upzones (e.g. SF5000 to LR3 or NC240) provide the greatest incentive for IZ participation.
- In most neighborhoods 80% of AMI is comparable to market rate.
- Taking advantage of Seattle's Multifamily Tax Exemption (MFTE) program further improves economic feasibility of IZ development.